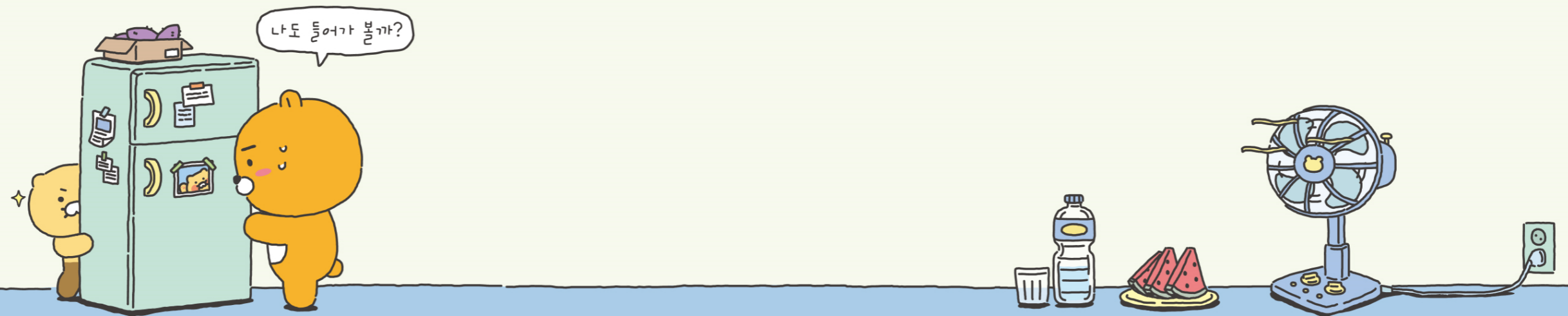


Q2 2023 Earnings Results

2023.8.3 | Kakao Investor Relations



Disclaimer

Financial information contained in this document is based on consolidated K-IFRS that have not been audited by an independent auditor.

Therefore, the information and financial data of Kakao and its subsidiaries (the “Company”, or “Kakao”) contained in this document are subject to change upon an independent auditor’s audit.

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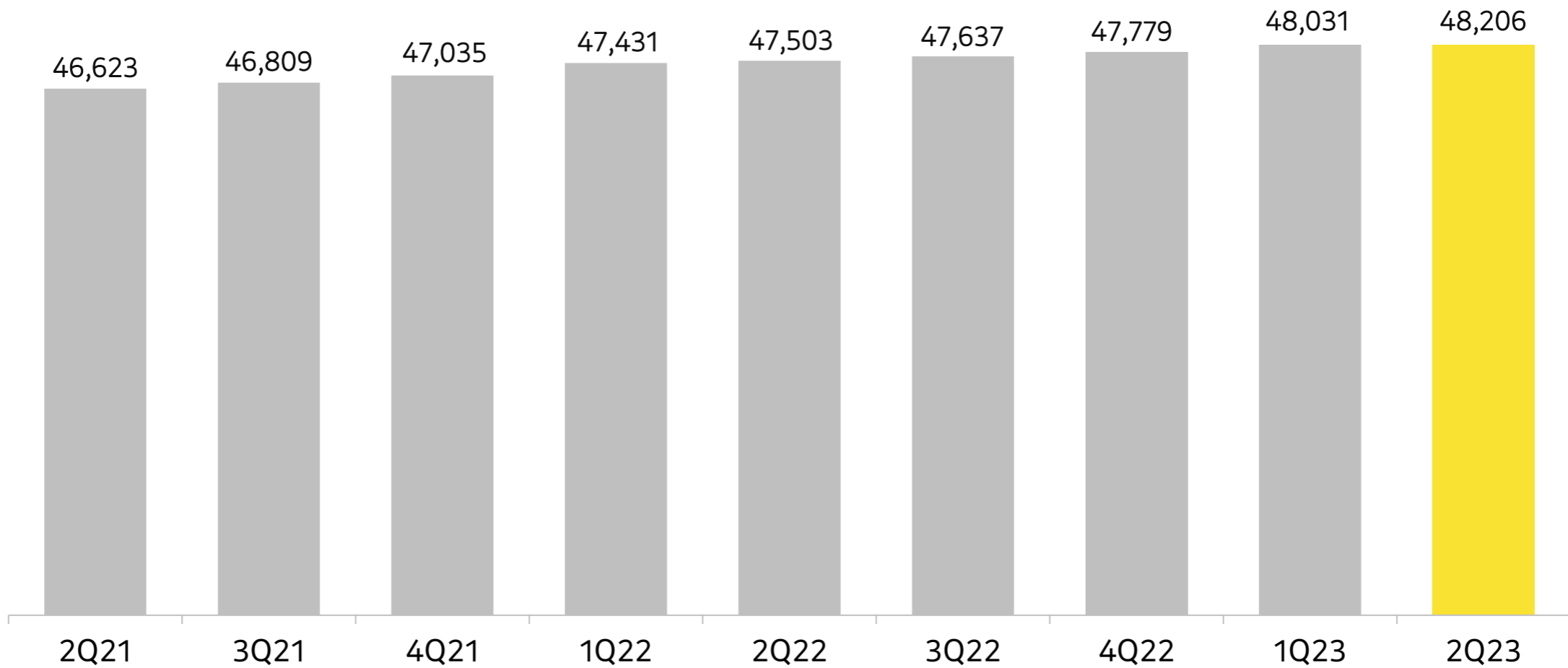
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KakaoTalk Monthly Active Users



Monthly Active Users in Korea grew by +703K YoY, +175K QoQ

(in thousands)



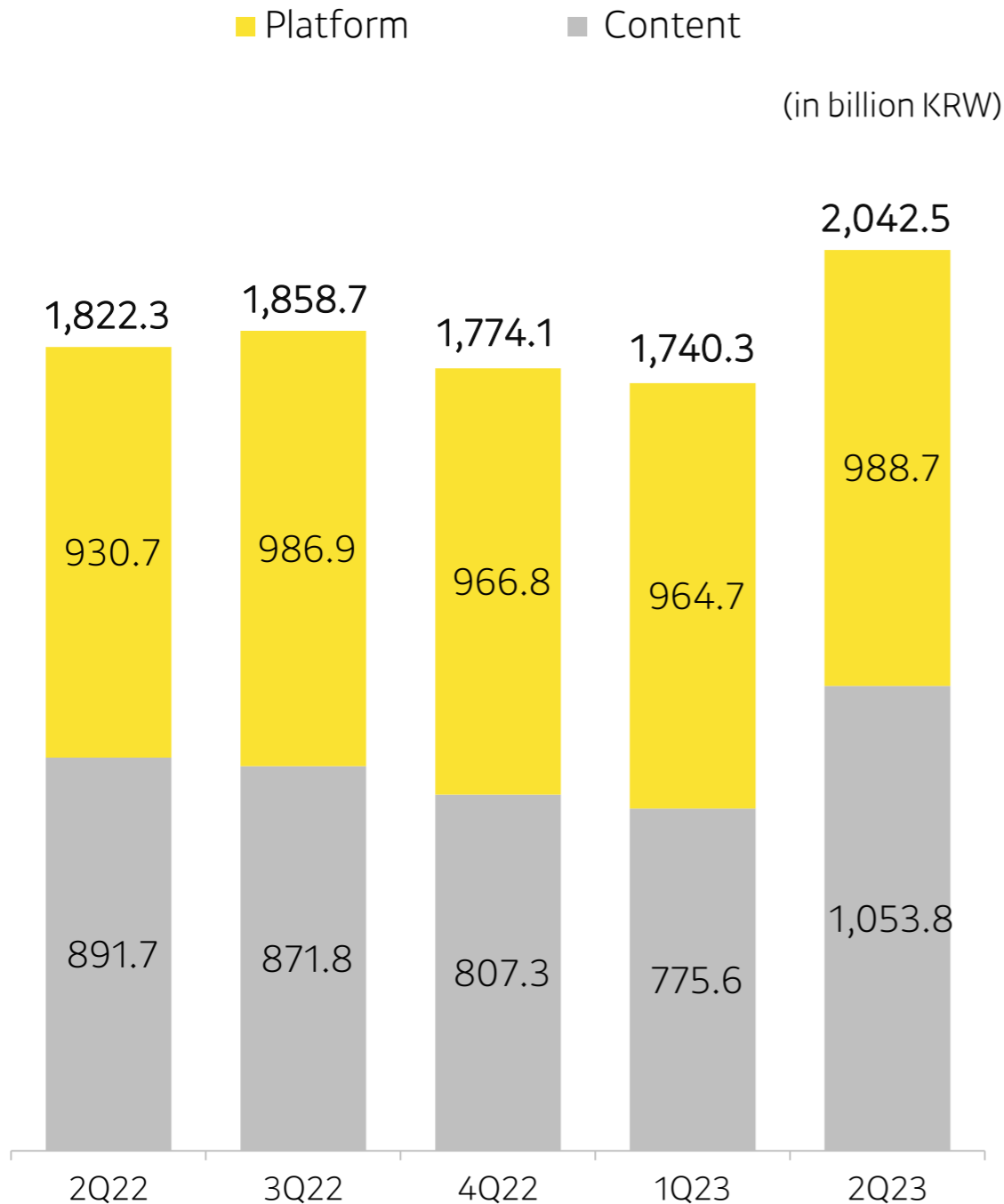
Korea	46,623	46,809	47,035	47,431	47,503	47,637	47,779	48,031	48,206
Global	53,808	54,256	53,451	53,366	53,302	53,561	53,483	53,390	53,453

Average of monthly MAUs. Global includes domestic MAUs.

Revenue

Q2 Revenue YoY +12% / QoQ +17%

Mix - Platform 48% : Content 52%



Revenue Breakdown		
Platform	Talk Biz	Advertising - Bizboard, Talk Channel, Emoticon
		Commerce - Gift, Store, Makers, Kakao Friends Online
	Portal Biz	Daum PC / Mobile Kakao Story / Style / Page Other Subsidiaries' Ad
Content	Platform-Others	Mobility, Pay, Enterprise, Blockchain, Other Subsidiaries, Kakao Friends-Others
	Game	Mobile, PC, Other
	Music	SM Entertainment, Melon, Digital Music Distribution, Album Distribution, Music Production
	Story	Entertainment
		Piccoma
Media	Video Production, Talent Agency	

Platform / Content

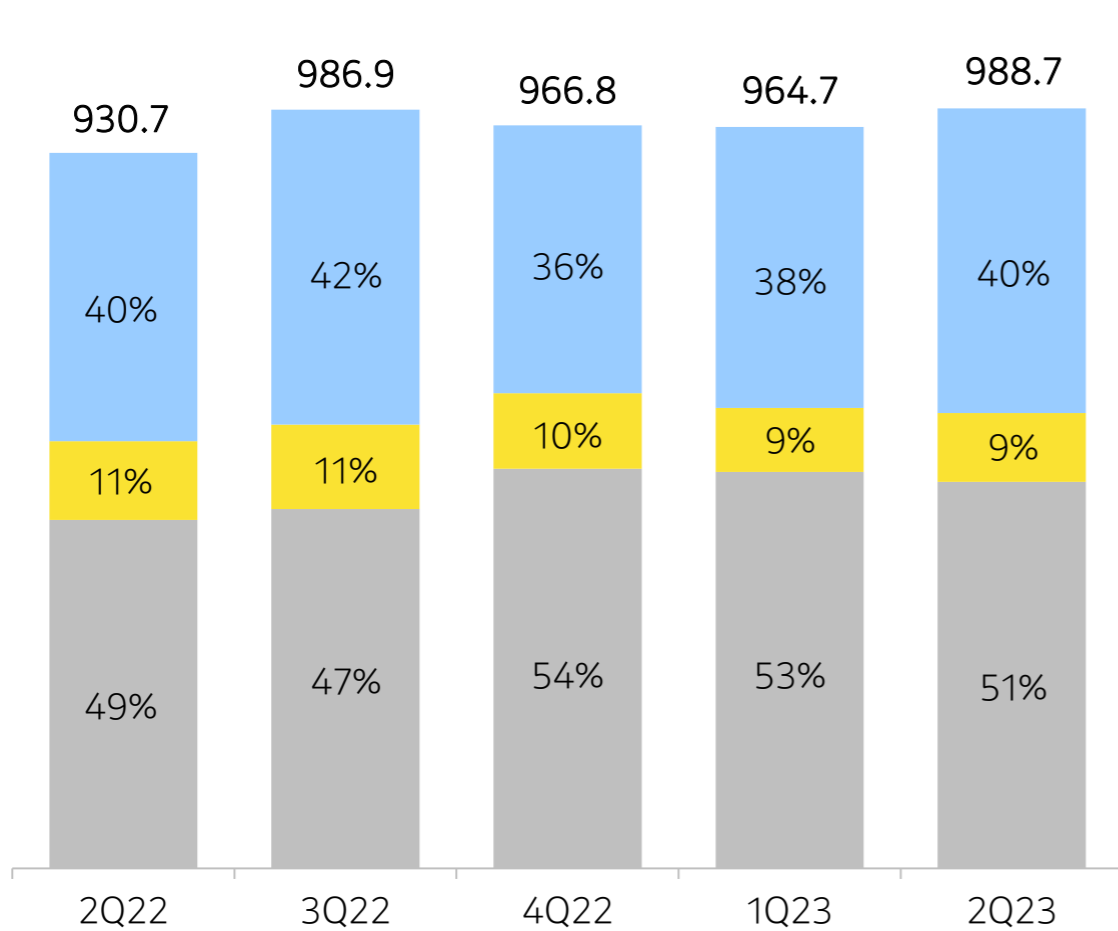
Platform YoY +6% / QoQ +2%

Content YoY +18% / QoQ +36%

Platform

(in billion KRW)

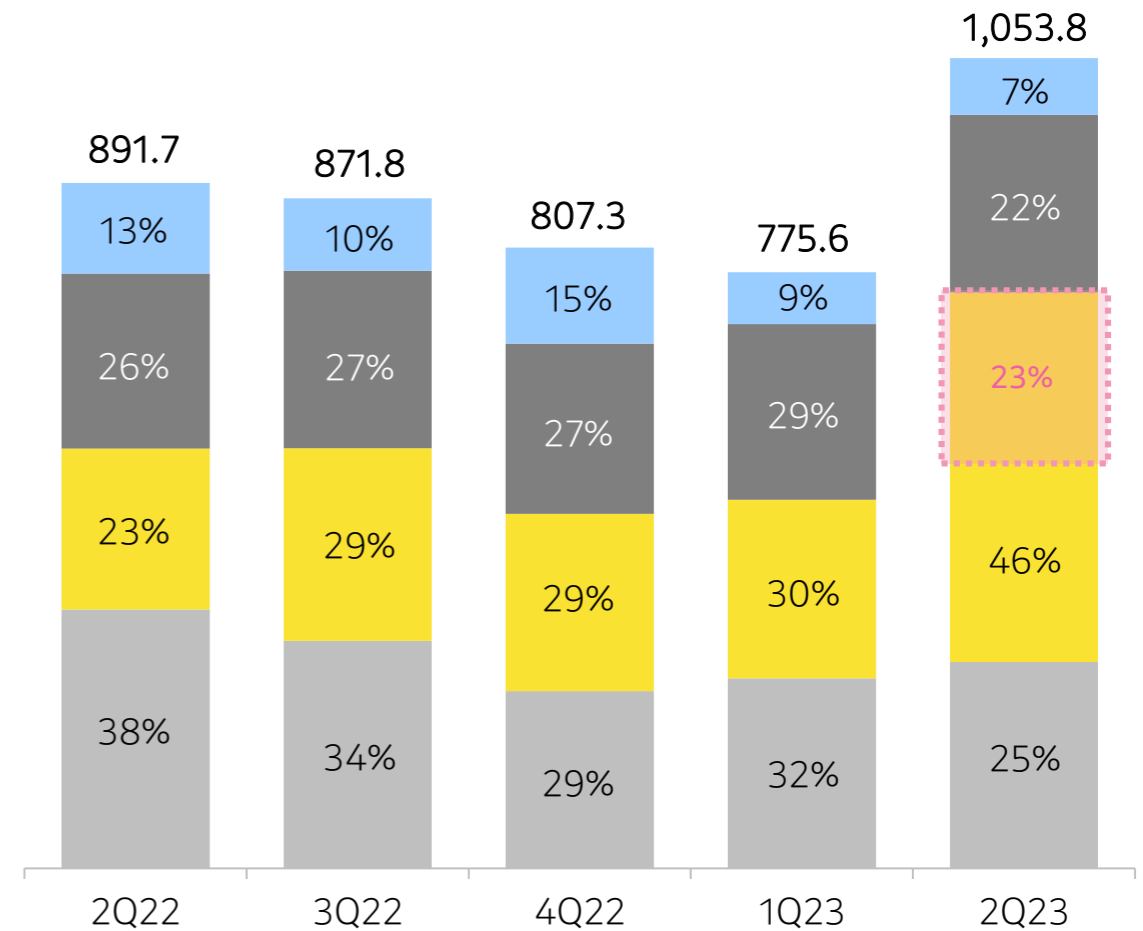
■ Talk Biz ■ Portal Biz ■ Platform-Others



Content

(in billion KRW)

■ Game ■ Music ■ Story ■ Media ■ SM Entertainment



Platform | Talk Biz Portal Biz Platform-Others

Talk Biz YoY +11% / QoQ -2%

Portal Biz YoY -13% / QoQ +7%

Others YoY +6% / QoQ +8%

(Y) Message Ad, Talk Gift (1P & Delivered Gift)
(Q) YTD Highest # of Talk Gift Buyers despite Low Seasonality

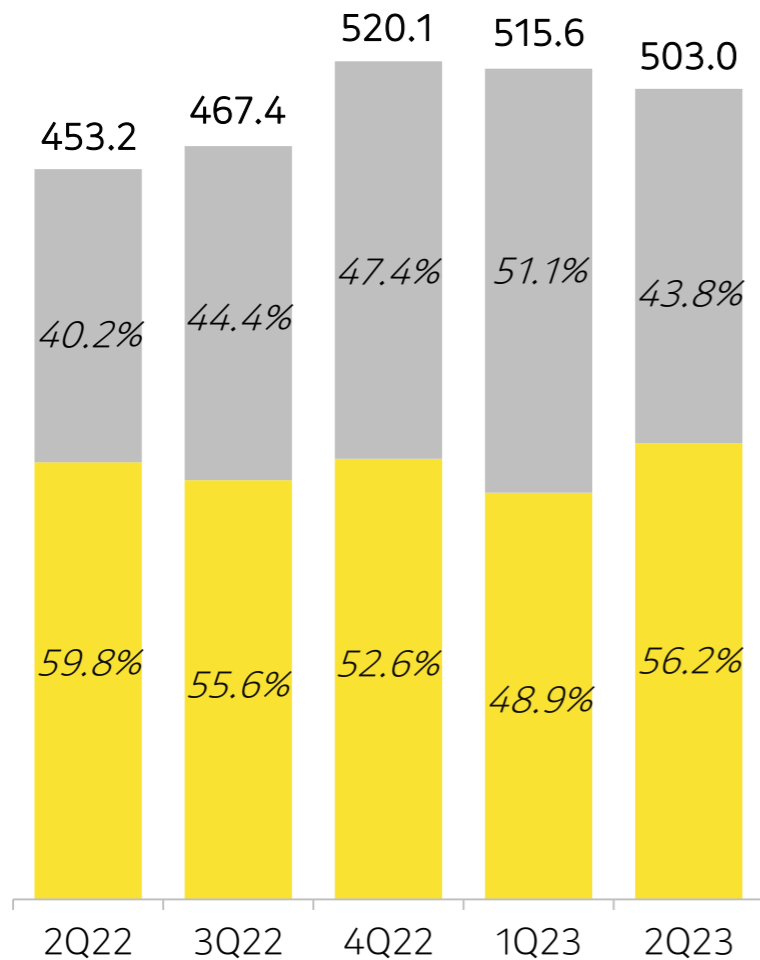
(Y) Subsidiary Deconsolidation, Portal QC Decline
(Q) High Seasonality

(Y) (Q) Kakao Mobility's Taxi and Parking / Kakao Pay's Financial Services

Talk Biz

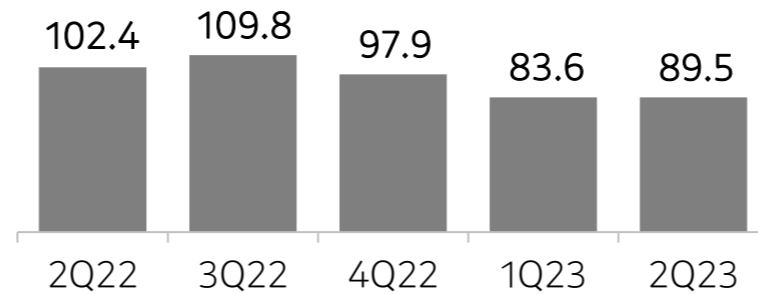
(in billion KRW)

■ Advertising ■ Commerce



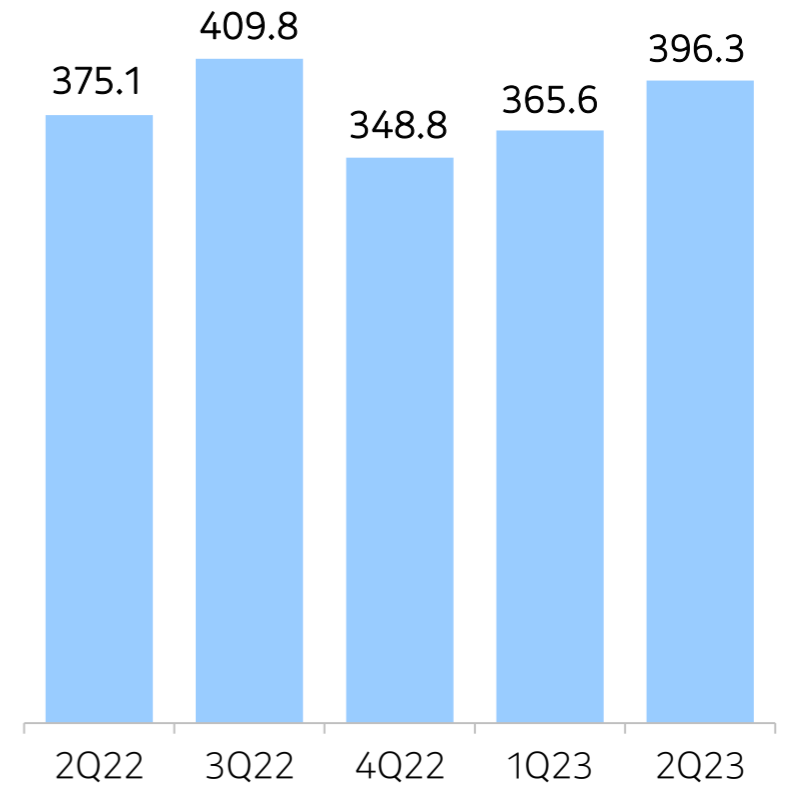
Portal Biz

(in billion KRW)



Others

(in billion KRW)



Content | Game Music

Game YoY -20% / QoQ +9%

Music YoY +130% / QoQ +107%

↳ ex-SM Entertainment +15% (y) / +4% (q)

(Y) Existing Game Titles Revenue Stabilization

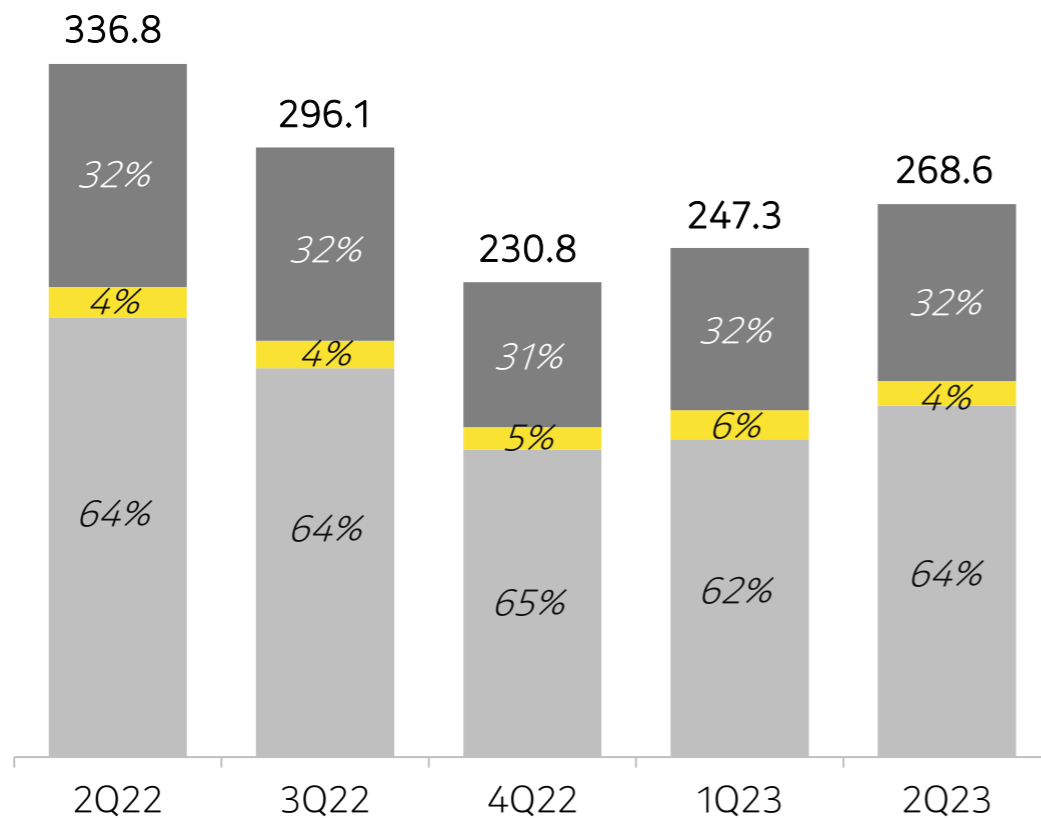
(Q) <ArcheAge War> Release, <Uma musume> 1st Anniversary Event

(Y) (Q) In-house Artist <IVE> Success, SM Entertainment Consolidation

Game

(in billion KRW)

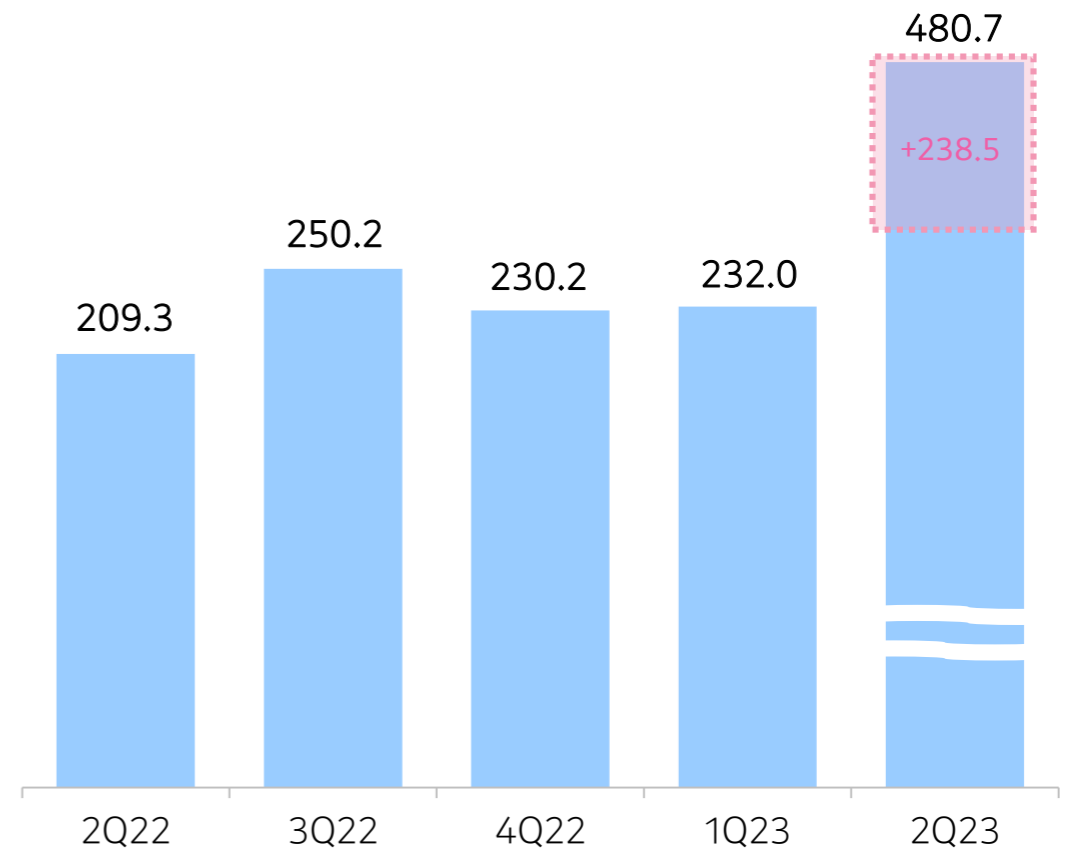
■ Mobile ■ PC ■ Other



Music

(in billion KRW)

■ SM Entertainment



Content | Story Media

Story YoY +1% / QoQ +1%

↳ Entertainment -10% (y) / -3% (q), Piccoma +12% (y) / +4% (q)

Media YoY -38% / QoQ +8%

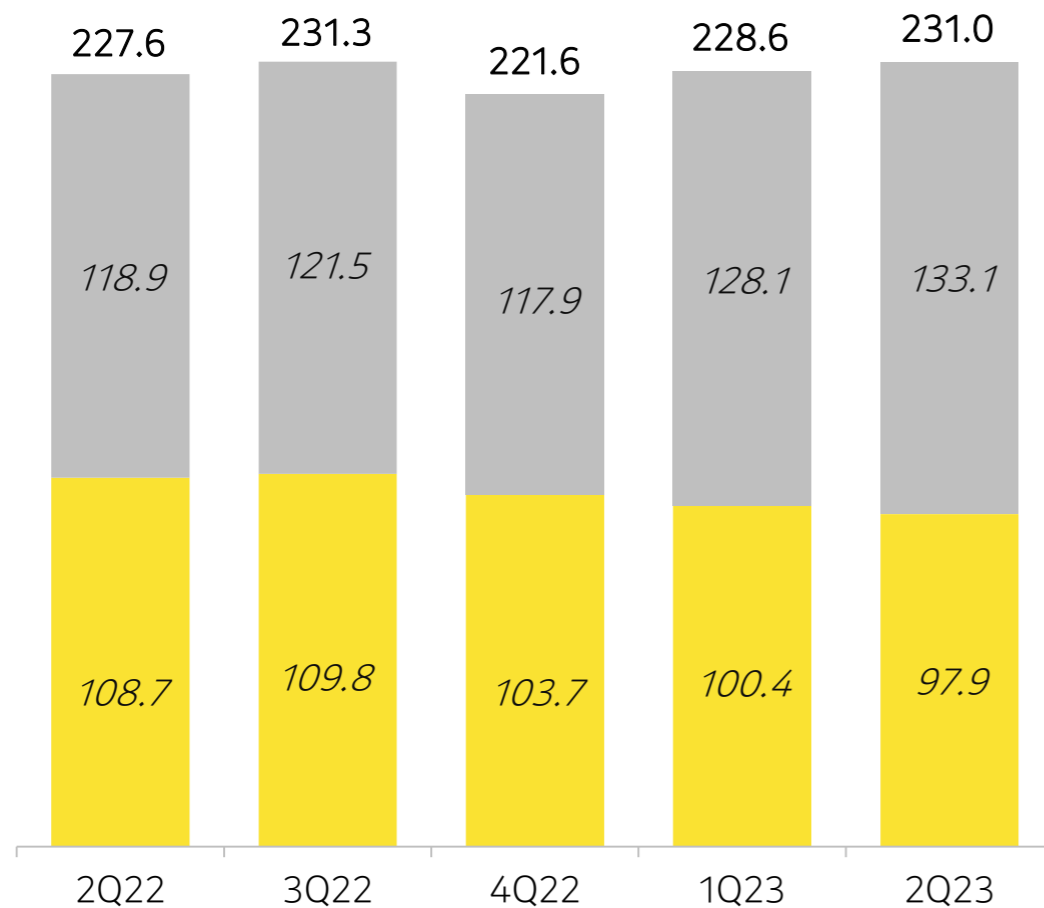
Entertainment - US Business Restructuring, Marketing Efficiency
 Piccoma - Golden Week Holiday, 7th Anniversary Event
 Excluding FX Effect +13% (y), +4% (q)

(Y) Production Line-up Concentrated in 2H23
 (Q) New Production Line-up including <You Have Done Well>

Story

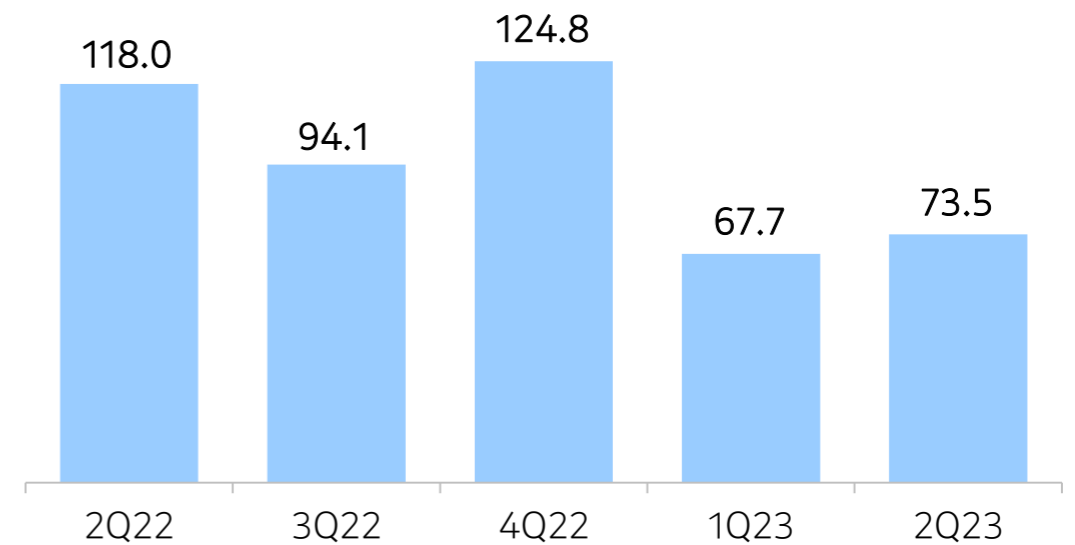
(in billion KRW)

■ Entertainment ■ Piccoma¹⁾



Media

(in billion KRW)



1) Piccoma's result does not include its advertising business

Earnings Summary

(in billion KRW)

	2Q22	1Q23	2Q23	Change	
				YoY	QoQ
Total Revenue	1,822.3	1,740.3	2,042.5	12%	17%
Platform	930.7	964.7	988.7	6%	2%
Talk Biz	453.2	515.6	503.0	11%	-2%
Portal Biz	102.4	83.6	89.5	-13%	7%
Platform - Others	375.1	365.6	396.3	6%	8%
Content	891.7	775.6	1,053.8	18%	36%
Game	336.8	247.3	268.6	-20%	9%
Music	209.3	232.0	480.7	130%	107%
Story	227.6	228.6	231.0	1%	1%
Media	118.0	67.7	73.5	-38%	8%
Operating Expenses	1,651.3	1,669.2	1,929.0	17%	16%
Operating Profit	171.0	71.1	113.5	-34%	60%
<i>Margin (%)</i>	9.4%	4.1%	5.6%	-3.8%p	+1.5%p
Net Profit	101.2	63.8	56.3	-44%	-12%
Controlling Interests	67.6	77.5	55.4	-18%	-29%
Non-controlling Interests	33.6	(13.7)	0.9	-97%	turn to profit

Earnings Summary - ex. SM Entertainment

(in billion KRW)

	2Q22	1Q23	2Q23	Change	
				YoY	QoQ
Total Revenue	1,822.3	1,740.3	1,804.0	-1%	4%
Platform	930.7	964.7	988.7	6%	2%
Talk Biz	453.2	515.6	503.0	11%	-2%
Portal Biz	102.4	83.6	89.5	-13%	7%
Platform - Others	375.1	365.6	396.3	6%	8%
Content	891.7	775.6	815.3	-9%	5%
Game	336.8	247.3	268.6	-20%	9%
Music	209.3	232.0	242.2	15%	4%
Story	227.6	228.6	231.0	1%	1%
Media	118.0	67.7	73.5	-38%	8%
Operating Expenses	1,651.3	1,669.2	1,703.3	3%	2%
Operating Profit	171.0	71.1	100.7	-41%	42%
<i>Margin (%)</i>	9.4%	4.1%	5.6%	-3.8%p	+1.5%p
Net Profit	101.2	63.8	46.3	-54%	-27%
Controlling Interests	67.6	77.5	56.1	-17%	-28%
Non-controlling Interests	33.6	(13.7)	(9.8)	<i>turn to loss</i>	<i>CR</i>

Operating Expenses

(in billion KRW)

	2Q22	1Q23	2Q23	Change	
				YoY	QoQ
Operating Expenses	1,651.3	1,669.2	1,929.0	17%	16%
Labor Cost	426.2	445.8	471.8	11%	6%
Cost of Revenue	654.8	666.8	810.4	24%	22%
Outsourcing / Infrastructure	235.8	242.0	282.3	20%	17%
Marketing Expense	150.3	114.6	120.0	-20%	5%
Depreciation and Amortization Cost	135.6	150.3	185.0	36%	23%
Misc.	48.6	49.6	59.6	23%	20%

Operating Expenses - ex. SM Entertainment

(in billion KRW)

	2Q22	1Q23	2Q23	Change	
				YoY	QoQ
Operating Expenses	1,651.3	1,669.2	1,703.3	3%	2%
Labor Cost	426.2	445.8	451.6	6%	1%
Cost of Revenue	654.8	666.8	649.1	-1%	-3%
Outsourcing / Infrastructure	235.8	242.0	270.5	15%	12%
Marketing Expense	150.3	114.6	119.6	-20%	4%
Depreciation and Amortization Cost	135.6	150.3	157.5	16%	5%
Misc.	48.6	49.6	54.9	13%	11%

Profits

Operating Profit YoY -34% / QoQ +60%

Net Profit YoY -44% / QoQ -12%

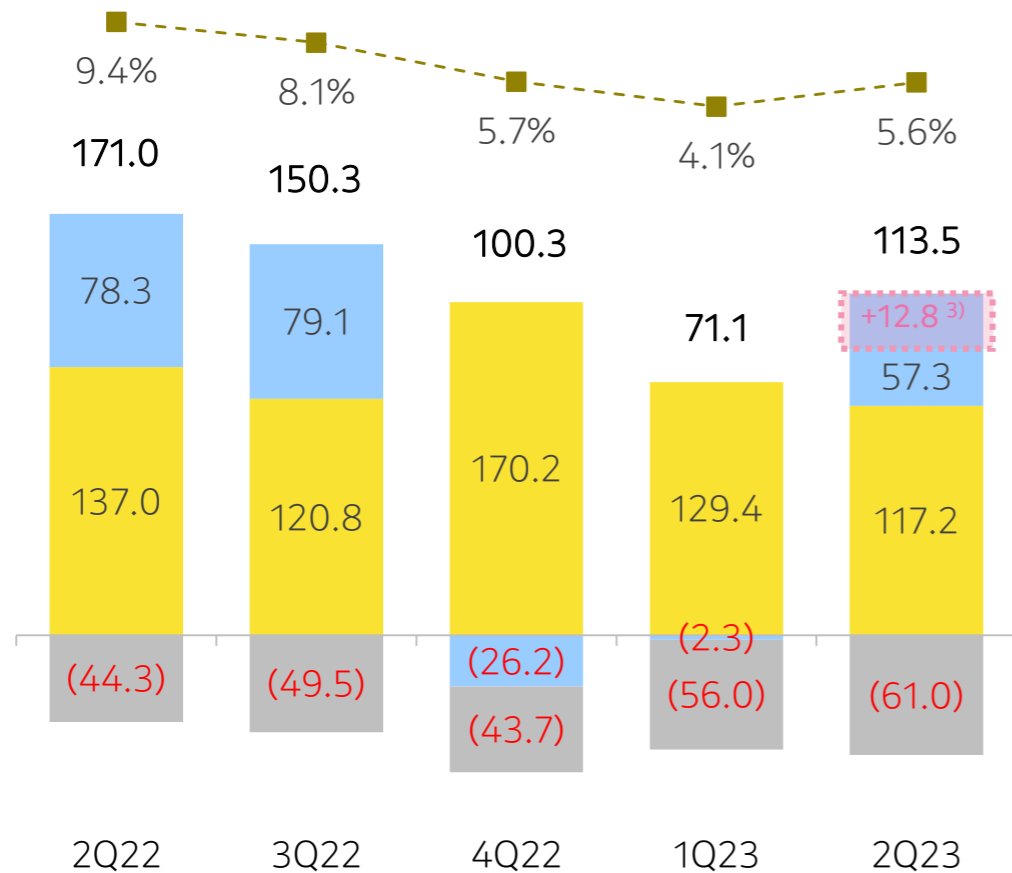
(Y) Data Center Replication and AI Investment
(Q) SM Entertainment Consolidation, Subsidiaries OP Increase

(Y) High Base from Equity Method Stock Disposal Gain
(Q) Subsidiaries Extra Corporate Tax (34.1 bn) from Tax Audit

Operating Profit(M)

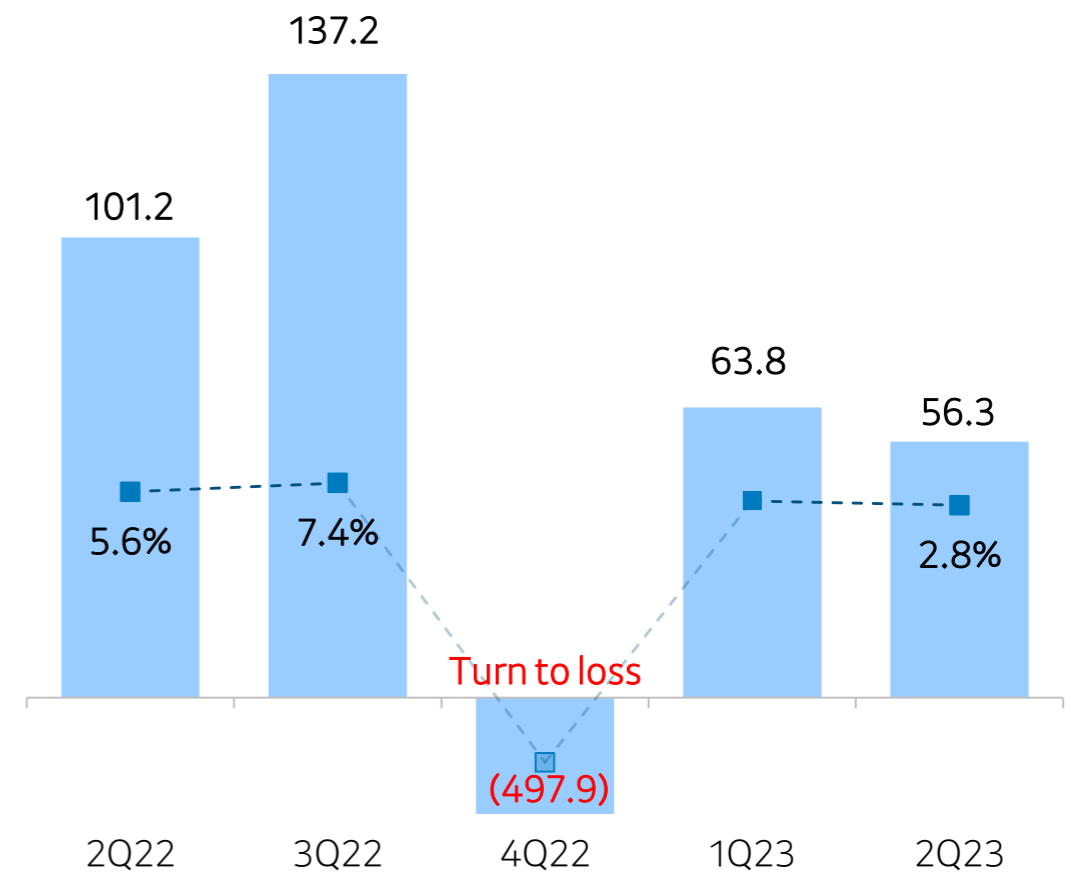
(in billion KRW)

■ Kakao (Separate)
 ■ Subsidiaries¹⁾
■ New Initiatives²⁾
■ OPM
 ■ SM Entertainment



Net Profit(M)

(in billion KRW)



1) Subsidiaries: All business segment excluding Kakao & New Initiatives
3) Reflected PPA cost and consolidation adjustment from SM Entertainment OP (35.7bn)

2) New Initiatives : Kakao Enterprise, Kakao Brain, Kakao Healthcare
4) Subsidiaries includes internal transaction

CapEx / Employees

CapEx YoY +28% / QoQ +147%

Employees YoY +2,591 / QoQ +1,464

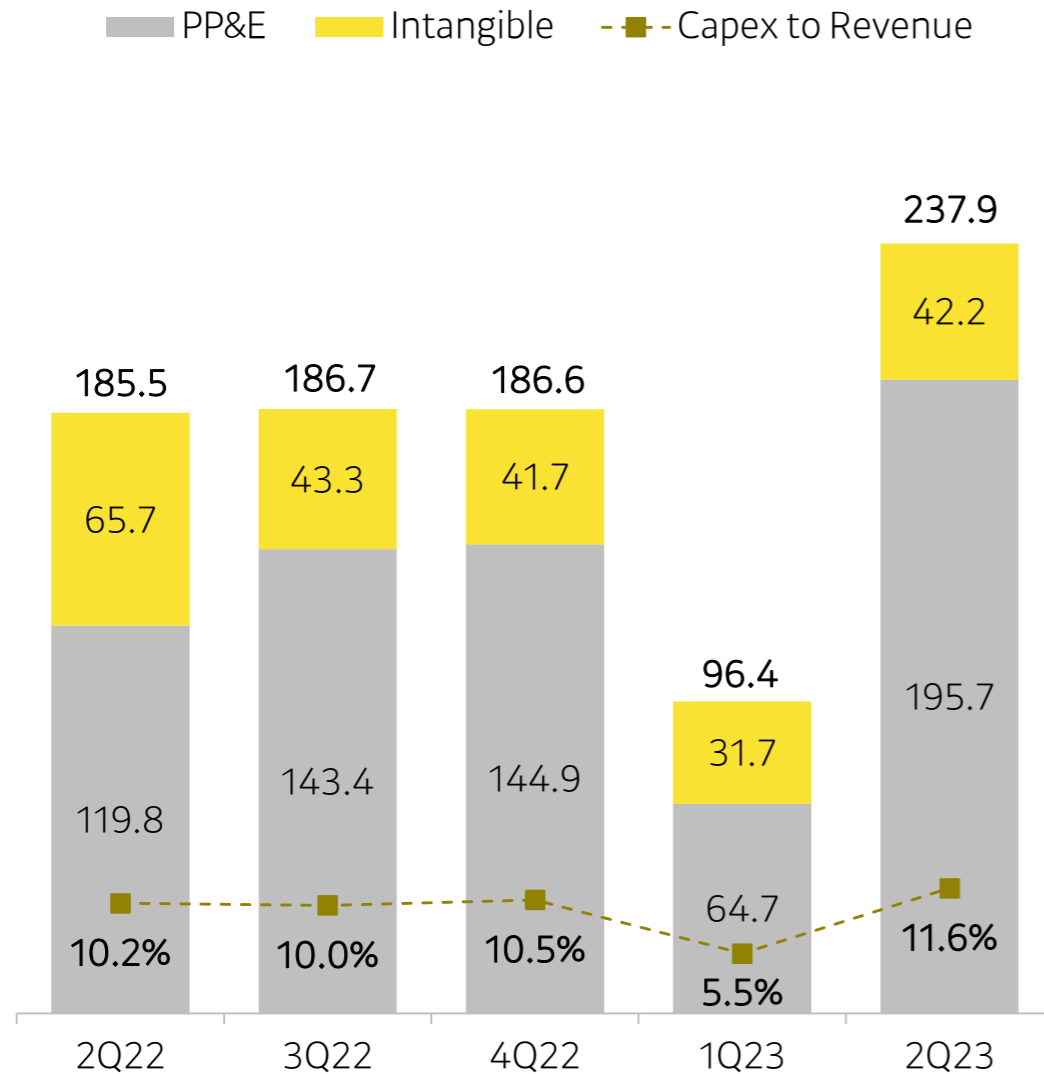
(Y) (Q) Investment in IDC, AI, Content IP

(Y) Business Expansion

(Q) Conservative Hiring, SM Entertainment Consolidation (+1,536)

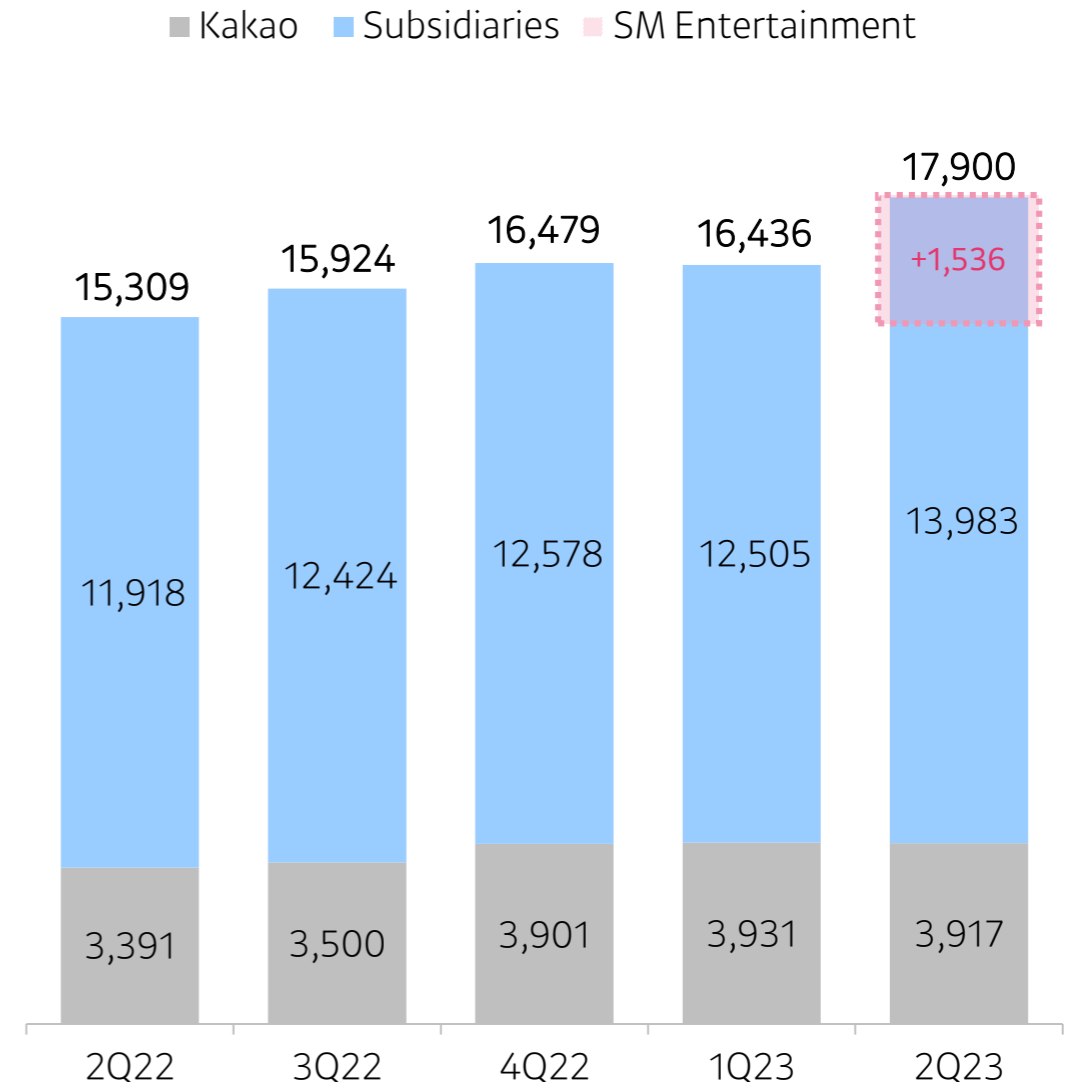
CapEx

(in billion KRW)



Employees

(# of people)



1) CapEx is based on the cash outflow for new acquisition of tangible and intangible assets.
 2) 2Q23 CapEx is based on consolidated K-IFRS that have not been audited and may subject to change

Financial Statements Summary – Consolidated

Income Statement					
(in billion KRW)	2Q22	3Q22	4Q22	1Q23	2Q23
Total Revenue	1,822.3	1,858.7	1,774.1	1,740.3	2,042.5
Platform	930.7	986.9	966.8	964.7	988.7
Talk Biz	453.2	467.4	520.1	515.6	503.0
Portal Biz	102.4	109.8	97.9	83.6	89.5
New Biz	375.1	409.8	348.8	365.6	396.3
Content	891.7	871.8	807.3	775.6	1,053.8
Game	227.6	231.3	221.6	228.6	231.0
Music	336.8	296.1	230.8	247.3	268.6
Story	118.0	94.1	124.8	67.7	73.5
Media	209.3	250.2	230.2	232.0	480.7
Operating Expenses	1,651.3	1,708.4	1,673.8	1,669.2	1,929.0
Labor Cost	426.2	433.3	410.6	445.8	471.8
Cost of Revenue	654.8	711.4	703.8	666.8	810.4
Outsourcing / Infrastructure	235.8	238.4	245.3	242.0	282.3
Marketing Expense	150.3	112.0	108.4	114.6	120.0
Depreciation and Amortization Cost	135.6	153.0	161.0	150.3	185.0
Misc.	48.6	60.4	44.8	49.6	59.6
Operating Profit	171.0	150.3	100.3	71.1	113.5
<i>Margin (%)</i>	<i>9.4%</i>	<i>8.1%</i>	<i>5.7%</i>	<i>4.1%</i>	<i>5.6%</i>
Other Non-Operating Income	138.6	133.6	76.0	17.0	16.5
Other Non-Operating Expenses	34.4	35.7	993.0	42.0	28.4
Financial Income	69.8	63.4	141.2	79.2	61.6
Financial Expenses	73.3	67.1	228.1	46.4	50.5
Equity-method gain	10.0	23.7	21.2	34.1	28.4
Equity-method loss	45.1	31.5	46.1	39.6	29.0
Profit before Income Tax	236.5	236.7	(928.5)	73.3	112.1
Income Tax	135.3	99.5	(430.5)	9.5	55.8
Net Profit	101.2	137.2	(497.9)	63.8	56.3
Controlling Interests	67.6	106.3	(124.1)	77.5	55.4
Non-controlling Interests	33.6	30.8	(373.8)	(13.7)	0.9
EBITDAR	306.1	301.8	253.6	221.5	298.5
Adjusted EBITDAR ¹⁾	345.5	335.2	295.8	250.6	324.9

Statement of Financial Position			
(in billion KRW)	2021.12.31	2022.12.31	2023.6.30
Current Assets	8,102.2	7,755.7	8,092.5
Cash and Cash Equivalents	5,231.5	4,780.2	4,899.5
S-T Financial Instruments	1,573.6	1,210.2	1,399.2
Account Receivable	398.1	440.9	599.4
Other Current Financial Assets	319.1	361.9	401.7
Other Current Assets	579.9	962.5	792.8
Non-Current Assets	13,712.0	14,450.9	16,857.7
Investments in Associates and Joint Ventures	3,215.8	2,651.9	3,191.8
Tangible Assets	554.9	885.4	1,127.7
Intangible Assets	6,347.8	6,022.4	7,281.0
Other Non-current Assets	3,593.5	4,891.3	5,257.2
Finance Assets	965.4	756.8	1,102.1
Total Assets	22,779.6	22,963.5	26,052.4
Current Liabilities	5,630.3	5,148.3	6,138.1
Account Payable and Other payable	1,231.0	1,374.0	1,484.9
Short-term Borrowings	1,258.8	1,096.9	1,740.4
Income Tax Payable	188.9	157.7	98.5
Other Current Liabilities	2,951.6	2,519.8	2,814.2
Non-Current Liabilities	2,885.1	3,843.9	3,634.7
Non-Current Finance Lease Obligations	1,318.2	1,643.4	1,773.6
Deferred Income Tax Liabilities	756.8	652.6	679.8
Other Non-Current Liabilities	810.1	1,547.9	1,181.3
Finance Assets	674.2	439.4	832.6
Total Liabilities	9,189.6	9,431.6	10,605.4
Paid-in Capital	44.6	44.6	44.5
Capital Surplus	7,781.2	8,115.9	8,736.3
Other Accumulated Earnings	77.1	41.0	3.8
Accumulated Other Comprehensive Income	371.8	(1,250.7)	(1,300.9)
Retained Earnings	1,709.6	3,046.5	3,131.0
Minority Interest	3,605.6	3,534.6	4,832.3
Total Equity	13,590.0	13,531.9	15,447.1
Total Liabilities & Equity	22,779.6	22,963.5	26,052.4

1) Adjusted EBITDAR : included equity compensation expense

Financial Statements Summary – Parent

Income Statement					
(in billion KRW)	2Q22	3Q22	4Q22	1Q23	2Q23
Total Revenue	596.4	613.4	650.5	640.7	634.6
Operating Expenses	459.4	492.7	480.3	511.3	517.4
Labor Cost	129.0	128.6	97.4	132.7	141.3
Cost of Revenue	190.2	209.9	237.5	234.0	217.5
Outsourcing / Infrastructure	64.5	67.5	73.8	69.9	77.9
Marketing Expense	5.4	7.6	9.7	3.4	4.9
Depreciation and Amortization Cost	53.7	61.8	60.2	59.6	63.9
Misc.	16.5	17.2	1.7	11.6	11.8
Operating Profit	137.0	120.8	170.2	129.4	117.2
<i>Margin (%)</i>	23.0%	19.7%	26.2%	20.2%	18.5%
Other Non-Operating Income	6.7	4.2	18.5	3.0	4.4
Other Non-Operating Expenses	2.4	10.4	91.0	1.9	6.1
Financial Income	43.0	39.4	35.4	34.3	13.8
Financial Expenses	47.9	43.8	27.7	14.1	15.5
Profit before Income Tax	136.5	110.2	105.4	150.7	113.9
Income Tax	30.2	33.3	(184.4)	27.4	21.0
Net Profit	106.2	76.9	289.8	123.3	92.9
EBITDAR	129.3	181.2	230.3	188.9	182.5
Adjusted EBITDAR ¹⁾	213.2	198.3	247.8	203.5	194.4

Statement of Financial Position			
(in billion KRW)	2021.12.31	2022.12.31	2023.6.30
Current Assets	2,418.0	2,334.9	1,810.3
Cash and Cash Equivalents	1,478.7	1,248.8	1,123.4
S-T Financial Instruments	255.4	211.0	141.5
Account Receivable	152.2	139.3	128.0
Other Current Assets	531.7	735.8	417.4
Non-Current Assets	7,606.7	8,456.6	9,475.2
Investments in Associates, Subsidiaries and Joint Ventures	3,547.8	4,751.7	5,614.0
Tangible Assets	312.6	500.5	631.5
Intangible Assets	1,573.6	1,608.6	1,605.1
Other Non-current Assets	2,172.7	1,595.9	1,624.5
Total Assets	10,024.7	10,791.5	11,285.5
Current Liabilities	2,299.1	2,183.5	2,403.4
Account Payable and Other payable	493.5	546.8	466.5
Short-term Borrowings	342.2	28.7	300.0
Income Tax Payable	55.5	74.2	35.1
Other Current Liabilities	1,407.9	1,533.9	1,601.8
Non-Current Liabilities	1,171.3	1,516.7	1,578.1
Non-Current Finance Lease Obligations	1,076.1	1,306.4	1,353.8
Deferred Income Tax Liabilities	-	97.1	107.1
Other Non-Current Liabilities	95.2	113.2	117.2
Total Liabilities	3,470.4	3,700.2	3,981.5
Paid-in Capital	44.6	44.6	44.5
Capital Surplus	5,489.2	5,636.7	5,713.8
Other Accumulated Earnings	77.1	41.0	3.8
Accumulated Other Comprehensive Income	240.5	11.3	11.1
Retained Earnings	702.8	1,357.6	1,530.7
Total Equity	6,554.2	7,091.3	7,304.0
Total Liabilities & Equity	10,024.7	10,791.5	11,285.5

1) Adjusted EBITDAR : included equity compensation expense

Thank You

